Warner Robins Air Logistics Center

Developing, Fielding, and Sustaining America's Aerospa

U.S. AIR FORCE

Performance-Based Logistics Affordability: Can We Afford Categorical Conversion to Performance-Based Acquisition?

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Integrity - Service - Excellence

Overview

- History of Performance-Based Acquisition
- Recent Proposal
- Challenges
- Our Approach
- Summary

History

History
Proposal
Challenges
Approach
Summary

- **Traditional build-to-print acquisition strategy**
  - **Leads to continuation of “bad design”**
  - **No room for product improvement/ innovation**
  - **Obsolescence a factor**

Proposal

History
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- **Eliminate strict design criteria**
  - **Buy performance, not product**
  - **Allow manufacturer to innovate**
  - **Heavy reliance on commercial specifications and products**

Challenges

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- **Often performance parameters don't exist**
  - **Funds to develop specifications may not be available or timely**
- **Low quantities may drive higher unit cost above that of build-to-print**
- **Configuration control may be more difficult**
- **Acceptance testing as configuration changes**

Approach

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- **Separate candidates based on a broad list of factors**
  - **Only focus on items with multiple factors of consideration**
  - **Otherwise, continue build-to-print until another opportunity to innovate arises**

Approach (Con't)

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Factors

- **Decreasing or low reliability**
- **Increasing sustainment cost**
- **Diminishing sources**
- **Obsolete technology**
- **High cost items (system cost drivers)**
- **Items that utilize rapidly changing technologies**
- **Life cycle cost pay-back period exceeds expected remaining system life**

Approach (Con't)

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- **Develop triggers for fine tuning of candidates based on data**
  - **Triggers developed using experts across the acquisition community**
  - **Weight triggers to determine "tendency" to performance-based acquisition**
  - **Middle of road candidates should use a risk reducing "split-buy" approach**

Approach (Con't)

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Support Strategy Triggers

- **Do we have build-to-print data?**
- **Is the build-to-print data sufficient for a vendor other than the current vendor to reproduce, test, and deliver a quality product?**
- **Is the item a reliability or maintainability driver?**
- **What is the expected system life (e.g. has it been scheduled for decommission and if so, how many years are left)?**
- **Quantity required vs. installs + inventory?**

Approach (Con't)

Supplier Incentives Triggers

- **What is the lead time required on the current item?**
- **What is the impact of the time delay necessary to develop performance-based specifications?**
- **How many vendors currently exist for the item?**
- **How viable is (are) the vendor(s) currently producing the part?**
- **Are you experiencing a vanishing vendor base for the item?**

Approach (Con't)

Acquisition Strategy Triggers

- **Are resources available to convert a new item to a performance-based acquisition?**
- **What is the current unit-cost (percent of system cost)?**
- **What is risk of new technology vs. existing item technology?**
- **What available technology could be used in a redesign of this item compared to the current technology?**
- **What is the expense trend (annual support cost) for the item?**

Approach (Con't)

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Configuration Management Triggers

- **What is the current repair methodology?**
- **What is the desired repair methodology?**
- **What level of support equipment and T.0. data exists for the current item and how much could be used for the proposed item?**
- **How much training would be required due to changing configurations?**

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- **Process resulted in consistent selection of candidates both for build-to-print strategies and performance-based acquisition**
- **Potential cost savings by not developing performance-based specification where not indicated**
- **Feed-back mechanism critical for success of approach (adding/deleting relevant factors and triggers)**